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UNCLAS SECTION 01 OF 03 DHAKA 004413

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SENSITIVE

E.O. 12958: DECL: N/A
TAGS: ABUD BEXP ECON AMGT BG
SUBJECT: COMMERCIAL ADVOCACY AND EXPORT PROMOTION EFFORTS JULY
2004 - JUNE 2005

Sensitive but unclassified

Summary

¶1. (U) This cable catalogs Embassy actions in promoting U.S. exports to Bangladesh and to assist U.S. businesses win tenders and contracts or settle trade and investment disputes during July 2004 to June 2005. Examples of Embassy "success stories" in expanding market opportunities for American business in Bangladesh are provided below. The cable also describes Embassy interventions on behalf of American firms whose products, while clearly technically superior, were not price competitive with firms offering products of dubious technical quality.

Advocacy

¶2. (SBU) American Health Consortium, LLC (AHC): The Bangladesh government undertook a \$30 million project named "Bangladesh Kuwaiti Maitri Hospital (BKMH)" and invited proposals to set up and operate a modern hospital in Dhaka on a pre-existing facility. AHC, an American consortium of healthcare professionals and entrepreneurs, submitted their proposals. Post advocated on behalf of this consortium per a Commerce advocacy request. We worked with various BDG agencies at every step in the process for more than two years. Post sent letters on behalf of the Ambassador and other key officials on several occasions and spoke with several high-level ministers on behalf of AHC. Economic officers repeatedly raised concerns over lack of transparency and repeated delays in the process with all relevant authorities. Through Post's intervention, AHC finally won the tender. They received the "Acceptance Letter" from the Ministry of Health on December 19, 2004. AHC is now in the process of signing a formal contract before they take possession of the BKMH complex.

¶3. (SBU) Varian Medical Systems, USA: This US firm participated in a Bangladesh government tender to purchase some medical equipment with financial assistance from the World Bank. Post spoke to the World Bank officials on behalf of Varian to ensure that the evaluation process was fair and transparent and was done expeditiously. As a result, this U.S. firm obtained a work-order to supply a Linear Accelerator worth \$1,549,857 under a contract with the Director of Central Medical Stores Depot in Tejgaon, Dhaka, under the Ministry of Health and Family Welfare.

¶4. (SBU) Connexion by Boeing (CBB): Boeing applied to the Bangladeshi government for assignment of frequency and permission to operate Aeronautical Mobile Satellite Service (AMSS) over the territory of Bangladesh. Post advocated on behalf of Boeing to expedite this process. Embassy officials wrote to and met with officials in the Bangladesh Telecommunication Regulatory Commission (BTRC) and followed up on a regular basis. As a result of our efforts, BTRC granted Boeing's request for frequency assignments for uplink and downlink on secondary and shared basis for the AMSS usage within the territory of Bangladesh.

¶5. (SBU) Bay Phones (joint venture between Westec.Com Inc., USA and Westec Ltd., Bangladesh): Bay Phones was licensed by Bangladesh Telecommunication Regulatory Commission (BTRC) to operate the Public Switched Telephone Network (PSTN) in the South-East zone of Bangladesh. After importing the telecommunication equipment into Bangladesh, Bay Phones experienced great difficulty in getting their equipment out of customs at Dhaka Airport. Bay Phones was forced to supply a bank guarantee worth nearly \$300,000 to get the equipment released. The National Board of Revenue (NBR) required this bank guarantee because they incorrectly classified the equipment under a higher duty rate. Post intervened in this matter with a letter to the NBR Chairman and, after a few meetings, got the \$300,000 released from NBR.

¶6. (SBU) Telford Aviation Services: This U.S. Company located in Bangor, Maine, in June 2004, supplied parts valued at \$50,000 for a Cessna 152 training aircraft to the Directorate General Defense Purchase (DGDP). The DGDP delayed payment citing various excuses ranging from processing delays to need for additional

approvals. We intervened on behalf of the U.S. Company through several calls and letters to the DGDP. The DGDP finally released the full amount to Telford recently and is even in the process of releasing Telford's Performance Guarantee worth US \$5,180.

¶17. (SBU) Diamond Diagnostics, USA: A Bangladeshi Company, Medilink International, bought medical equipment for more than \$36,500 from Diamond Diagnostics, (USA) but only paid \$2,309 against the \$36,523 Letter of Credit (LC). Medilink took possession of the equipment without full payment due to an error made by the bank. Upon notification, Medilink refused to pay the remaining amount. We contacted the local company based on a request from Diamond Diagnostics and pressed the owner to make full payment. Immediately following our meeting, Medilink made full payment to Diamond Diagnostics for the products received.

¶18. (SBU) International Security Products: This U.S. document security printer company received a purchase request from a Bangladeshi who claimed to be working with the Minister for Education to provide security documents. Upon notification, Embassy's economic/commercial staff contacted the Ministry of Education and found out that this was a fraudulent offer.

¶19. (SBU) Deamar USA, LLC: Deamar sold 11 containers of raw cotton to three Bangladeshi buyers and upon arrival of containers all the buyers refused to receive the goods. Deamar decided to re-export these containers to other countries but the original buyers refused to provide Non-Objection Certificates, which is a procedural requirement for reshipment. Post contacted the Customs Commissioner on this matter by letter. Through Post's intervention, the customs office dealt with this case expeditiously. Nine containers have been re-exported in two phases, while two were bought by one of the original local buyers.

¶10. (SBU) Commodity Export Corporation/Petrex Cotton Company: This U.S. Company supplied 10 containers of raw cotton to a Bangladeshi buyer, but upon arrival of the containers the buyer refused to receive the goods. Commodity Export Corporation decided to re-export these containers to buyers in other countries, but the Customs office refused approval for re-export. Post addressed this matter in a letter to the Customs Commissioner and our intervention brought in positive results. The US firm received necessary approval in a very short time and the containers have already been shipped.

¶11. (SBU) Best Western La Vinci Hotel: In July 2003, Post sent a letter to the Civil Aviation Authority of Bangladesh (CAAB) requesting allocation of booth space to Best Western La Vinci Hotel, an American hotel, at Zia International Airport in Dhaka. After almost two years of bureaucratic red-tape, the Best Western La Vinci Hotel finally obtained permission to set up the booth.

¶12. (SBU) FMC Technologies, Inc. (Jetway division): Jetway participated in a tender for extension and modernization of Passenger Terminal Building and Construction of the first floor of Osmani International Airport Sylhet, Bangladesh. The tender was primarily to supply, install, test & commission Passenger Boarding Bridges in the Sylhet airport. Post's Economic/Commercial officers met with the Chairman of the CAAB, Civil Aviation Minister, Finance Minister and other senior government officials and raised concern over unfair tender evaluation processes. We encouraged the government to ensure fair and equitable evaluation of the bids based on suitable technical qualifications and not just based on the lowest bid. The Civil Aviation Ministry awarded the contract to an Indonesian firm, Bukaka, based on price considerations and not on technical qualifications. We have since met repeatedly with the Civil Aviation Minister and continue to press for re-evaluation.

¶13. (SBU) Bowe, Bell & Howell (BBH): BBH participated in a tender under the Post and Telecommunication Ministry to supply mail sorting machines. Although the Technical Evaluation Committee (TEC) recommended BBH, the Ministry awarded the contract to Shanghai Research Institute (SRI), the Chinese bidder, based on the lowest price offer without considering technical qualifications. Post advocated for re-evaluation on the bids based on technical specifications. We raised this issue at different government levels with several phone calls and meetings; however, government tender regulations are heavily biased in favor of the lowest priced bidder deemed to meet the tender's minimum technical specifications.

Export Promotion

¶14. (U) Post's Economic/Commercial FSN provided commercial assistance through various export promotional tools to many Bangladeshi and US firms. As a result, some export deals are in the works and many more are expected in the near future.

¶15. (SBU) As a result of our export promotion efforts, some U.S. companies have started exporting to Bangladesh. One such success is an exclusive dealership agreement between U.S.A. ALL AMERICAN, a US exporter, and a Bangladeshi buyer. The latter is now in the process of opening a letter of credit to import lubricant for automobiles initially worth \$20,000 with an agreement to purchase

more in the future. Negotiations are underway between a Bangladeshi firm and Custom Coaches International (CCI), an American company, to supply mobile medical hospital units.

Outreach

116. (U) Post has been successful in reaching more Bangladeshi importers and informing them about new U.S. products and services. The 14th annual US Trade Show held February 16-18 at the Dhaka Sheraton Hotel was the biggest ever in it's 14-year history and attracted an estimated 22,000 visitors. An informal survey of Trade Show participants indicates that several American companies at the event completed sales and developed leads that resulted in significant sales. The Trade Show was followed by another event called America Week that took place from February 28 to March 2, 2005 in Khulna in southeastern Bangladesh. Representatives of six U.S. corporations active in Bangladesh participated in the week-long event. This event also attracted many visitors. In order to promote new U.S. products and services, the Trade Center organized two catalog shows to coincide with the Trade Show and America Week. The Trade Center also distributed catalogs of these participating firms among the business community. These export promotion efforts have lead to increased interest among Bangladeshi buyers in U.S. products.

117. (U) Post organized an unescorted delegation to the Power-Gen International 2004 Conference and Exposition (PGI 2004), which took place November 30-December 2, 2004, in Orlando. Post also organized an escorted healthcare delegation to the U.S. from May 31 through June 11, 2005, which was sponsored by the U.S. Trade and Development Agency (USTDA). Representatives from the public and private sector joined the delegation. The event was designed to introduce Bangladeshi healthcare delegates to U.S. hospitals, advanced medical technology, cutting-edge medical equipment and associated services. In addition to acquainting U.S. companies with investment opportunities in Bangladesh, the visit allowed the delegation members, especially government officials, the opportunity to learn about American healthcare products. This, according to the delegates, will eventually help them prepare tender specifications for the procurement of new healthcare equipment in Bangladesh.

CHAMMAS